BUILDING BLOCKS FOR RETIREMENT

Retirement Planning Essentials

Make This the Year

Whether or not you make formal resolutions, the beginning of a new year is a good time to take a fresh look at things, establish priorities, and ponder changes you want to make. Here's something in the financial category that might not be on your radar but should be: How much are you contributing to your retirement plan?

It's easy to let inertia take over and never increase your contribution amount. However, if you're not contributing much to your plan now, you might not have enough money to live comfortably when you retire. Maybe this should be the year you make saving for retirement a priority.

Pay Yourself First

The most convenient way to build up your savings is to have your employer take money out of each paycheck and put it into your retirement account. Look at it as paying yourself first. Consider starting with an amount you can comfortably afford and gradually increasing it.

With automatic payroll contributions, you don't have to remember to write a check or transfer funds. And your contributions automatically go into the investments you've selected. Because you don't see the money that goes into your plan account, you aren't tempted to spend it.

Kick Inertia to the Curb

Watching your savings accumulate can help motivate you to save even more. Review your budget to look for ways to trim spending so you can increase your contribution amount. And when you get a raise or bonus, consider putting some of it away for retirement. Even small increases add up over time.

Now Versus Later

Being serious about saving for retirement might mean putting off some purchases or scaling back on some plans. But retirement is a big, important goal. Waiting an extra year or two to take a cruise isn't really a problem. Not having enough saved for a comfortable retirement very well might be. Your situation is unique, however, so be sure to consult a professional before taking action.

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Small Amounts Can Make a Big Difference

Increase plan contributions by:	You could have this much more saved after			
	5 years	10 years	20 years	40 years
$10/week	$3,023	$7,101	$20,022	$86,298
$15/week	$4,535	$10,652	$30,033	$129,447

This is a hypothetical example used for illustrative purposes only. It assumes amounts are invested monthly, an average annual total return of 6%, and monthly compounding. It does not represent the result of any particular investment. Your results will be different. Amounts are rounded to the nearest dollar. Tax-deferred amounts accumulated in the plan are taxable on withdrawal, unless they represent qualified Roth distributions.
Source: DST

PENTEGRA

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